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IN THE

Supreme Court of the United States

SCA HYGIENE PRODUCTS AKTIEBOLAG, ET AL.,

Petitioners,

v.

FIRST QUALITY BABY PRODUCTS, LLC, ET AL.,

Respondents.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF OF MEDINOL LTD. AS *AMICUS CURIAE* IN SUPPORT OF PETITIONERS

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INTEREST OF *AMICUS CURIAE*[1]

Medinol Ltd. is a medical device company that develops and sells stents, balloon catheters, and other devices commonly utilized in Interventional Cardiology procedures such as coronary repair. Medinol protects its life-saving innovations through the U.S. patent system, and it has an interest in ensuring the patent system remains true to its purpose of promoting technological progress.

Medinol has an immediate interest in this case, arising from the petition for a writ of certiorari it recently filed in this Court. *See Medinol Ltd. v. Cordis Corp.* (No. 15-998). Medinol's petition, which is currently pending, raises the same central legal issue as this case. *Medinol* also filed an *amicus* brief on the merits in the en banc Federal Circuit proceeding below that is the subject of this case.

In its certiorari petition, Medinol explained why the Federal Circuit's ruling should be reversed. In this *amicus* brief, Medinol supplements that argument by discussing how this case fits into the Court's broader statutory interpretation jurisprudence, particularly as it relates to the use of interpretive presumptions and clear-statement requirements.

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[1] The parties have consented to the filing of this *amicus* brief. No counsel for a party authored the brief in whole or in part. No party, counsel for a party, or any person other than *amicus* and its counsel made a monetary contribution intended to fund the preparation or submission of the brief.

INTRODUCTION AND SUMMARY OF ARGUMENT

Petrella v. Metro-Goldwyn-Mayer, Inc., 134 S. Ct. 1962 (2014), holds that *judicially*-created laches defenses in damages actions are impermissible when Congress has enacted a statute of limitations. Once Congress has created a limitations period, only Congress can also create a laches defense. The historic province of laches in damages actions always has been to serve merely as a "gap-filling" measure when Congress has failed to enact a limitations period. *Id.* at 1974.

Proper application of *Petrella* also requires courts to apply a strong presumption—at the least— against inferring that Congress intends to create a laches defense for damages actions when Congress has expressly created a limitations period to govern the timeliness of claims. That strong presumption reflects, in part, how extremely improbable it is, as a matter of both history and policy, that Congress would intend to create simultaneously both a laches defense for damages actions and a statutory limitations period.

First, as a matter of historical practice, Congress appears never to have expressly or intentionally done so. Neither the Court in *Petrella*, nor any of the 18 *amici* and party briefs filed in that case, identified a single congressional statute in which Congress had expressly created both laches and a limitations period for damages actions. Nor is *amicus* aware of any such federal statute. The Patent Act, on respondents' view, would thus be the first and only federal statute to do

so. Moreover, as *Petrella* emphasized, it is also the fact that this Court has "*never* applied laches to bar in their entirety claims for discrete wrongs occurring within a federally prescribed limitations period." 134 S. Ct. at 1975 (emphasis added).

Second, as a matter of policy, it is also highly unlikely that Congress would seek to establish a bright-line, uniform rule fixing the timeliness of damages claims and establishing the clear rights of patent holders, only to turn around and hand judges the power to override that uniform rule in their individual discretion.

A strong presumption against concluding that Congress created both a limitations period and a laches defense thus enforces Congress' likely intent. And such a presumption is required by the separation of powers concerns this Court emphasized in *Petrella* as well. As this Court stressed, "courts are not at liberty to jettison Congress' judgment on the timeliness of suit." *Id.* at 1967. Laches "can scarcely be described as a rule for *interpreting* a statutory prescription." *Id.* at 1975 (emphasis added). Yet once Congress expressly prescribes a limitations period, the only proper role for the courts is to interpret the text of that limitations period and any possible exceptions to it. By ensuring that lower federal courts are not too quick to infer that Congress intended to authorize laches despite a limitations period—as the (bare) Federal Circuit majority did here—this strong presumption against such an improbable conclusion helps guarantee that lower courts stay within the proper bounds of federal judicial authority.

In other contexts, this Court has enforced comparably strong presumptions about the proper interpretation of statutes through clear-statement requirements. Rules of clear statement track congressional intent by preventing courts from interpreting legislation in improbable ways unless Congress has left no doubt that it intends to do the highly unusual. Clear-statement rules also promote core principles of constitutional structure by safeguarding well-established divisions of governmental authority.

Whether this Court applies a clear-statement rule or simply a strong presumption against finding a laches defense for damages actions when a limitations period exists, the judgment below should be reversed. All the judges below agreed that § 286 of the Patent Act is a timeliness provision akin to the Copyright Act provision at issue in *Petrella*. All the judges below also agreed that the text of the Patent Act does not mention laches, nor does the legislative history.

In the absence of any express congressional mention of laches, the parties are left picking through shards of extrinsic evidence, such as the best reading of various lower-court cases or the meaning of one commentator's ambiguous, post-enactment remarks. But whatever the "best" reading of any one piece of that evidence, there is certainly no clear statement from Congress that it intended to create laches for damages actions. Nor does this extrinsic evidence rise to the level required to overcome *Petrella*'s strong presumption that Congress does not intend to create both laches and a limitations period for damages actions.

In the Patent Act, Congress did not, for perhaps the first and only time, enact a federal statute that creates both a fixed, statutory limitations period and a laches defense to damages claims.

ARGUMENT

I. The Enactment Of A Limitations Period Creates A Strong Presumption Against The Use Of Laches To Bar Timely Damages Claims.

A. *Petrella* reflects general principles about the proper domain of laches in federal law.

In this Court's own words, *Petrella* was not only a decision about the meaning of the Copyright Act, but about the general "province of laches" under federal law. 134 S. Ct. at 1967-68 (rejecting respondent's position as "contrary to § 507(b) *and* this Court's precedent on the province of laches") (emphasis added). Citing general treatises on remedies, this Court concluded that, when Congress enacts a limitations period, "[t]hat regime leaves 'little place' for a doctrine that would further limit the timeliness" of suit. *Id.* at 1977. (citing 1 D. Dobbs, *Law of Remedies* § 2.6(1), at 152 (2d ed. 1993)). After surveying the historic role of laches, Congress' general practice when enacting limitations periods, and this Court's longstanding laches precedents, the Court "*adhere[d]*" to the general principle that, "in face of a statute of limitations enacted by Congress, laches cannot be invoked to bar legal relief." *Id.* at 1974 (emphasis added).

Indeed, the entirety of the reasoning and analysis in *Petrella* reflects general principles regarding the limited power of federal courts and the appropriate province of laches. These principles are not in any way limited to the context of copyright law. *See* Pet. App. 64a (en banc) (Hughes, J., concurring in part and dissenting in part) ("The Supreme Court's decision in *Petrella* did not depend on policies specific to copyright law. It turned on the conflict between laches and a statutory limitations period, and the longstanding principle that laches cannot bar a claim for legal relief.").

As *Petrella* noted, these principles sound partly in prescripts of statutory interpretation and partly in rules regarding the separation of powers. Laches "can scarcely be described as a rule for *interpreting* a statutory prescription." 134. S. Ct. at 1975. (emphasis added). Thus, when Congress has enacted a limitations period, that settles the matter and "courts are not at liberty to jettison Congress' judgment on the timeliness of suit." *Id.* at 1967 That is why this Court firmly announced that laches "cannot" bar legal relief in such contexts. A congressionally-crafted limitations period "fill[s]" any "hole" that might otherwise have been left for laches. *Id.* at 1967-68. Laches is displaced for damage claims, because the enacted statute of limitations "itself takes account of delay" and expresses Congress' judgment about how long a plaintiff is entitled to wait before concluding that a lawsuit must be filed. *Id.* at 1973; *see also* Pet. App. 65a (Hughes, J., concurring in part and dissenting in part) (noting that "[r]esolving [the] competing policy concerns" involving the time for asserting patent infringement claims "is precisely the type of judgment

left for Congress"); *Lyons P'ship, L.P. v. Morris Costumes, Inc.*, 243 F.3d 789, 798 (4th Cir. 2001) ("Separation of powers principles thus preclude us from applying the judicially created doctrine of laches to bar a federal statutory claim that has been timely filed under an express statute of limitations.").

In *Petrella*, the Court framed the issue as whether the Copyright Act constituted an *exception* to the rule that laches "cannot" bar timely damages actions. But the Court concluded "[t]here is nothing at all 'different' about copyright cases" that made them an exception to the rules that govern other federal statutes. *Petrella*, 134 S. Ct. at 1974 (internal citation omitted). Thus, this Court characterized itself as "adher[ing]" to the general principle that laches cannot be invoked to bar legal relief in the face of a statute of limitations.

Respondents now seek their own exception from this general rule for the Patent Act. But § 286 of the Patent Act must be construed in light of the general principles regarding the proper "province of laches" this Court reaffirmed in *Petrella*. As all the judges below recognized, no relevant distinction exists between the copyright limitations period and § 286. Pet. App.

18a.[2] The enactment of § 286 thus carries with it the general principles of federal law that *Petrella* recognized.

The situation in this case is much the same as that which the Court confronted last Term in *Ross v. Blake*, 136 S. Ct. 1850 (2016). There Congress had supplanted judge-made exhaustion doctrines with a statutory exhaustion provision in the Prison Litigation Reform Act of 1995. As the Court concluded, once Congress supplants judicially-created doctrines with a statutory regime, "Congress sets the rules—and courts have a role in creating exceptions only if Congress wants them to." *Id.* at 1857 The "wide-ranging discretion" entailed in judicially-created exhaustion doctrines "is now a thing of the past." *Id.* at 1858 (citation omitted). The same is true under the Patent

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[2] Congress described § 286 as a "statute of limitations" in the legislative history of the 1952 Patent Act. *See* H.R. Rep. No. 82-7794, at 10 (1952); S. Rep. No. 82-1979, at 9 (1952). Nevertheless, respondents have likened § 286 to "a statute of repose" rather than a statute of limitations. Resp. 24 n.8. By comparison, in the decision below the Federal Circuit characterized § 286 as a "damages limitation" while concluding that "because patent infringement is a continuous tort, there is no relevant functional difference between a damages limitation and a statute of limitations." Pet. App. 17a-18a. Regardless of whether this Court deems § 286 to be a statute of limitations, a damages limitation, or a statute of repose, the general principle remains the same: Congress created a clear legal rule for determining whether damages claims are timely when it enacted § 286. That rule requires courts to presume strongly that Congress did not authorize individual judges to be free to invoke laches to dismiss timely damages actions.

Act, where the statutory limitations period relegates any role for judicially-created laches in damages actions to a thing of the distant past.

B. *Petrella* embodies a strong presumption that statutes of limitations, not laches, define the timeliness of damages claims.

Theoretically, it is conceivable Congress could create both a limitations period and a laches defense to damages actions in the same statute. If Congress clearly enacted provisions that simultaneously did so, the courts would be required to respect such a regime. But for four reasons, the analysis in *Petrella* is best applied by recognizing a very strong presumption—at the least—against concluding that Congress has created such a two-headed creature.

1. First, any such federal statute would be extremely unusual; indeed, we believe it would be unique.[3] In the 18 party and *amici* briefs that were

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[3]Out of an abundance of caution, we note that the Y2KAct, Pub. L. No. 106-37, 113 Stat. 185, 197 (1999), enacted out of concern at the end of the millennium that suits based on "Y2K failures" would cause significant national economic harm, 15 U.S.C. §§ 6601, 6602(1)-(2), mentions the words laches and statute of limitations. But the Act did not create a federal cause of action, nor did it create a federal statute of limitations that applied to either federal or state-law Y2K actions. Instead, certain provisions required a potential plaintiff (except for claims for injunctive relief) to serve notice of intent to file suit and permit the defendant a three-month period to take remedial action or engage in alternative dispute resolution before the plaintiff filed suit. 15 U.S.C. § 6606(a)-(e). Because both legal

filed in *Petrella*, none successfully identified any federal statute in which Congress expressly created both a laches defense and a limitations period for damages actions. Nor did the dissent in *Petrella* identify any such statute. Instead, the dissent and majority disagreed over what the Court had done in the past when Congress had been *silent*. The dissent suggested there were contexts in which this Court "ha[d] *read laches into* statutes of limitations otherwise silent on the topic of equitable doctrines," *Petrella*, 134 S. Ct. at 1982 (emphasis added), but the majority did not agree that the Court had ever gone even as far as that.

Second, not only has Congress never enacted laches alongside a damages limitations period, but this Court has never recognized the existence of the former when a federal statute includes the latter. After surveying the history of laches, *Petrella* concluded that this Court had "never applied laches" to bar timely claims "within a federally prescribed limitations period." *Id.* at 1974-75. That is an exceptionally strong statement about the Court's consistent, unbroken line of decisions dating back at least as far as *Wehrman v. Conklin*, 155 U.S. 314, 326 (1894) ("[i]f the plaintiff at law has brought his action within the period fixed by the statute of limitations, no court can deprive him of his right to proceed.").

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and equitable claims were anticipated to be brought as Y2K actions (*see, e.g.* 15 U.S.C. § 6606(a)(1), (g), (i)-(j)), Congress expressly tolled any pre-existing statutes of limitations and laches defenses during this three-month remedial period. 15 U.S.C. § 6605 (e) (4).

Some seventy years ago, this Court again explained that "[i]f Congress explicitly puts a limit upon the time for enforcing a right which it created, there is an end of the matter" for purposes of actions at law. *Holmberg v. Armbrecht*, 327 U.S. 392, 395 (1946). That approach carried forward in the ensuing decades, with the Court noting in 1985 that "application of the equitable defense of laches in an action at law would be novel indeed." *Cty. of Oneida v. Oneida Indian Nation*, 470 U.S. 226, 244 n.16 (1985). This consistent practice was reinforced in 2010, when the Court once again underscored that "'[l]aches within the term of the statute of limitations is no defense'" to actions "'at law.'" *Merck & Co. v. Reynolds*, 559 U.S. 633, 652 (2010) (quoting *United States v. Mack*, 295 U.S. 480, 489 (1935)). As *Petrella* explained three Terms ago, that is because laches "is a defense developed by courts of equity," 134 S. Ct. at 1973, whose "principal application was, and remains, to claims of an equitable cast for which the Legislature has provided no fixed time limitation." *Id.* The historic function of laches under federal law is simply to serve as a "guide when no statute of limitations control[s] the claim." *Id.* at 1975. Thus, it would be a novel departure from the uniform practice of *both* Congress and this Court to read into the Patent Act a laches defense to damages actions in the face of a statutory limitations period.

Third, Congress itself was well aware around the time it enacted the Patent Act that courts do not permit the use of laches in damages actions when Congress enacts a limitations period. The parties agree that Congress did not specifically say anything about a laches defense at the time the 1952 Patent Act was

enacted. But a few years later, in the course of enacting the closely-related Copyright Act, Congress did specifically explain its view that laches does not apply to cut off timely damages actions when Congress enacts a limitations period. Ironically, Congress expressed this understanding when it characterized precisely what it had done in the Patent Act a few years earlier.

In both the Senate and House Judiciary Committee reports accompanying the 1957 amendments to the Copyright Act, which added the statute of limitations construed by this Court in *Petrella*, Congress discussed the legal consequences of adopting a statute of limitations. In identical terms, the reports recognized that "the courts generally do not permit the intervention of equitable defenses or estoppel where there is a limitation on the right." *See* S. Rep. No. 85-1014, at 3 (1957); H.R. Rep. No. 85-150, at 2 (1957). Written a decade after *Holmberg*, these reports reflected the rule that this Court had recently reaffirmed there. *See generally McNary v. Haitian Refugee Ctr., Inc.*, 498 U.S. 479, 496 (1991) ("It is presumable that Congress legislates with knowledge of our basic rules of statutory construction.").

As these committee reports further explained, statutes of limitations at the time were understood as being of two types, one which limited "the substantive right" and one which only limited "the remedy." *See* S. Rep. No. 85-1014, at 3; H.R. Rep. No. 85-150, at 2. The former was said to extinguish the right of action "at the end of the period and the courts usually have no

jurisdiction with regard to actions that are not instituted within the appropriate period."[4] *See* S. Rep. No. 85-1014, at 3; H.R. Rep. No. 85-150, at 2. Most importantly for present purposes, the reports reflected Congress' clear understanding that the limitations period in the recently enacted Patent Act was indeed a "limitation upon the right."[5] Thus, not only did Congress recognize the general principle that courts do not apply laches to bar timely damages actions when Congress enacts a limitations period. *Congress also specifically understood itself to have adopted a statute of limitations in the Patent Act that would not permit the use of laches to bar damages actions under the Patent Act.*[6]

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[4]Both Reports noted that, "[u]nder the remedial type" of statute of limitations, "the basic right is not extinguished, but the limitation is applied merely to the remedy." *See* S. Rep. No. 85-1014, at 3; H.R. Rep. No. 85-150, at 2.

[5]"The committee has not been unmindful that the 6-year statute of limitations in the Patent Act ... is a limitation upon the substantive right rather than upon the remedy." H.R. Rep. No. 85-150, at 2; *see also* S. Rep. No. 85-1014, at 3 (quoting the House Report discussion of the distinctions between limitations upon substantive rights and remedies, including the characterization of the 6-year statute of limitations in the Patent Act, and noting "[t[he committee wishes to emphasize that it is the committee's intention that the statute of limitations, contained in this bill, is to extend to the remedy of the person affected thereby, and not to his substantive rights").

[6]Indeed, Congress in those reports described the limitations period in the Copyright Act as only a limitation on the remedy, in contrast with the broader limitations period in the Patent Act. *See* S. Rep. No. 85-1014, at 3; H.R. Rep. No. 85-150, at 2. It would be strange indeed were the Court to conclude that the more

Finally. there are good and obvious policy reasons that Congress has apparently never enacted a laches defense for damages actions at the same time it created a statute of limitations. SCA's brief on the merits demonstrates how important it was to Congress when it enacted the Patent Act's limitations period to have a rule that would be "uniform throughout the country." SCA Br. at 46. For Congress to permit individual judges to exercise equitable discretion to decide, on a case-by-case basis, whether a claim for damages timely under the Act should nonetheless be barred as untimely would drastically undermine the certainty and uniformity that it was the very *raison d'etre* of § 286 to achieve. *See Petrella* at 1975 (noting that to permit individual judges to set a time limit other than that prescribed by Congress "would tug against the uniformity Congress" seeks to achieve when enacting a statute of limitations).

For all these reasons of history and policy, respondents bear a heavy burden in trying to prove that Congress in the Patent Act created a laches defense to damages actions at the same time it created a limitations period.

2. In comparable situations, this Court has often recognized strong interpretive presumptions about how federal statutes ought to be read. These pre-

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encompassing limitations period in the Patent Act—designed to limit "the substantive right" itself—somehow permitted laches to be invoked under the Patent Act, when Congress clearly understood the Patent Act's provision to be more comprehensive and therefore to cut off laches in damages actions.

sumptions reflect Congress' most likely intent regarding a recurring issue and provide clear guidance to courts about how to address a category of issue. Rather than encouraging courts to speculate from meager evidence about Congress' intent, these presumptions provide a quasi-rule like structure to judicial decision-making. Such presumptions also furnish a stable background against which Congress can legislate.

Thus, with respect to whether legislation should be read to apply extraterritorially, it is well-established that Congress "ordinarily legislates with respect to domestic, not foreign, matters." *Morrison v. Nat'l Austl. Bank Ltd.*, 561 U.S. 247, 255 (2010); *see also Bond v. United States*, 134 S. Ct. 2077, 2088 (2014). Similarly. legislative enactments "ordinarily" operate prospectively rather than retroactively. *Landgraf v. USI Film Prods.*, 511 U.S. 244, 272 (1994). That fact—along with related fair-notice concerns—explains why the Court has long embraced a presumption that a statute does not extend liability retroactively. *See id.* at 280; *id.* at 272 ("Because it accords with widely held intuitions about how statutes ordinarily operate, a presumption against retroactivity will generally coincide with legislative and public expectations.").

Strong interpretive presumptions apply in numerous other contexts as well. *See, e.g., Carcieri v. Salazar*, 555 U.S. 379, 395 (2009). (presumption against repeals by implication); *Permanent Mission of India to the United Nations v. City of New York*, 551 U.S. 193, 199–200 (2007) (presumption that statutes

are to be interpreted to be consistent with international law and treaties); *Musacchio v. United States*, 136 S. Ct. 709, 716–17 (2016) (presumption that statutes of limitations and filing deadlines should be interpreted as non-jurisdictional); *Vt. Agency of Nat. Res. v. United States ex rel. Stevens*, 529 U.S. 765, 780 (2000) (presumption that the statutory term "person" does not include the sovereign); *see generally* Antonin Scalia & Bryan A. Garner, *Reading Law* ¶¶ 4, 15, 25, 41, 42, 43, 44, 46, 52, 55 (2012) (discussing various presumptions the Court has recognized).

The reasoning and analysis in *Petrella* similarly support a strong presumption against concluding that Congress has implicitly created a laches defense to damages actions while expressly enacting a limitations period. For the reasons of history and policy discussed above, it is highly unlikely that Congress ever *implicitly* intends to do so; this Court has never reached that conclusion. It is possible that Congress might choose to create laches and a limitations period together, but in that event, Congress would almost certainly make clear in a statute's text or history that it was taking that highly unusual step. *Petrella* is thus best applied by recognizing that when Congress enacts a defined limitations period—as it did in § 286 of the Patent Act—a strong presumption arises that laches cannot bar damage claims within that period.

Applying that presumption, the limited bits of evidence respondents offer to support their inferences about the Patent Act are plainly insufficient. As SCA's brief on the merits demonstrates and as Part III below further amplifies, the best interpretation of

the Act's relevant provisions, with or without this presumption, is that they do not create a laches defense. Further, even if respondents had presented a possible interpretation of the Patent Act, doing so would have been insufficient. As *Morrison* recognized, "possible" interpretations are not enough to overcome a statutory presumption—including the presumption against interpreting statutes to create a laches defense when Congress has enacted a limitations period. *Morrison*, 561 U.S. at 264 ("[P]ossible interpretations of statutory language do not override the presumption against extraterritoriality.").

II. A Clear Statement From Congress Should Be Required To Overcome The Strong Presumption That § 286 Displaced Laches For Damages Claims.

To overcome the strong presumption that the Patent Act did not create both laches and limitations periods for damages actions, respondents should be required to show a clear statement from Congress expressing an intent to create this hybrid creature. Yet as every judge on the Federal Circuit recognized, no such clear statement exists in the text of the Patent Act—indeed, not even the Act's legislative history contains such a statement. Moreover, the only time Congress directly addressed the issue of laches under the Patent Act—in the committee reports concerning the Copyright Act a few years later—Congress clearly stated that it did *not* intend to permit laches to be invoked in damages actions under the Patent Act.

A. The clear-statement requirement reflects Congress' intent in enacting § 286.

This Court has long held, and recently reaffirmed, that Congress is to be taken as having legislated consistently with traditional principles of equitable remedies. *See, e.g.*, *Nken v. Holder*, 556 U.S. 418, 433 (2009); *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 391 (2006); *Hecht Co. v. Bowles*, 321 U.S. 321, 329 (1944). Congress can choose to alter the law of remedies, *Jesinoski v. Countrywide Home Loans, Inc.*, 135 S. Ct. 790, 793 (2015), but it must speak clearly to do so. *See Nken*, 556 U.S. at 433. Otherwise, courts are expected to read federal statutes as invoking, rather than altering, traditional principles regarding equitable remedies. *Weinberger v. Romero-Barcelo*, 456 U.S. 305, 320 (1982). As *Petrella* holds, laches has traditionally been an equitable remedy that does not apply to damages actions when Congress enacts a limitations period.

Many of this Court's presumptions about statutory meaning similarly are applied through clear-statement requirements. The presumption against extraterritorial application of laws, for example, can be overcome only if "'there is the affirmative intention of the Congress clearly expressed' to give a statute extraterritorial effect." *Morrison*, 561 U.S. at 255 (2010) (quoting *EEOC v. Arabian Am. Oil Co.*, 499 U.S. 244, 248 (1991)). Thus, "[w]hen a statute gives no clear indication of an extraterritorial application, it has none." *Id.*

The presumption against retroactivity is enforced in the same way: Overcoming it requires a showing of

"clear congressional intent" to extend new liability to past actions. *Landgraf*, 511 U.S. at 280. Similarly, given the presumption that statutes of limitations and other filing deadlines are non-jurisdictional, this Court has instructed courts to "treat a time bar as jurisdictional only if Congress has 'clearly stated' that it is." *Musacchio*, 136 S. Ct. at 717 (2016) (quoting *Sebelius v. Auburn Reg'l Med. Ctr.*, 133 S. Ct. 817, 825 (2013)); *see also United States v. Kwai Fun Wong*, 135 S. Ct. 1625, 1632 (2015) ("[T]he Government must clear a high bar to establish that a statute of limitations is jurisdictional.").

These and other clear-statement requirements rest on two principles. First, they reflect the expected and ordinary meaning of statutes. *See generally* Antonin Scalia & Bryan A. Garner, *supra*, ¶¶ 38-44 (cataloguing presumptions and canons that are based on the typical expected meaning of statutes). Before concluding that Congress intended to do something that departs from long-settled practice and understandings, the Court requires that Congress clearly express its intent to take such an unusual, unexpected step. Second, these clear-statement requirements enforce fundamental structural principles about the proper boundary between various governmental institutions, including that between Congress and the courts. *See generally* William Eskridge Jr., *Interpreting Law: A Primer on How to Read Statutes and the Constitution* 12 (2016) (governance canons "apportion institutional responsibilities, where the Court sets forth the duties of umpires (courts) and other players (agencies and legislators) in the ongoing elaboration of statutory schemes.").

The same considerations that justify clear-statement requirements in other contexts are present here. As discussed above, the long-established expected meaning of the enactment of a limitations period is that it precludes a role for laches to cut off damages actions timely filed.

Indeed, Congress itself understood the Patent Act to have been enacted with this default rule precisely in mind, as discussed above regarding the legislative history of the Copyright Act. Congress recognized there the general legal principle that enactment of a substantive statute of limitations precludes the use of laches in damages actions and that this was what Congress had done when enacting § 286 of the Patent Act.

Thus, absent a clear congressional statement to the contrary, a statutory limitations period should be understood to preclude laches in actions for damages. By enacting an express limitations period for patent infringement claims in § 286, Congress created a strong presumption, at the least, that laches cannot be invoked to bar timely damages claims. Overcoming that presumption would require a clear statement that Congress intended to take the highly unusual step of making laches available notwithstanding the limitations period it enacted in § 286.

B. The clear-statement requirement also safeguards the separation of powers between Congress and the federal courts.

Requiring a clear congressional statement to create laches, when Congress has created a limitations

period, is also necessary to enforce the appropriate allocation of authority between courts and Congress that this Court emphasized in *Petrella*. That decision establishes the proper "province of laches" in federal law

Before courts permit the province of laches to invade the domain of legal claims for damages, they should be sure that Congress actually intended such an odd result. A clear-statement requirement ensures that courts will not be too quick to infer that Congress created a laches defense alongside a limitations period. Statutes of limitation embody Congress' considered policy judgment about how to balance the competing rights of patent holders and potential defendants.[7] If courts were wrongly to invoke laches to dismiss damages claims that Congress has authorized, the courts would effectively "jettison Congress' judgment on the timeliness of suit." *Petrella*, 134 S. Ct. at 1967. That problem is all the more acute with laches, a highly discretionary doctrine that individual judges apply on a case-by-case basis. The limitations period in § 286 was specifically enacted to ensure uniformity in application of the Patent Act and to create

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[7] As state supreme courts have noted: "[m]odern statutes of limitations ... embody the notion that fixing the periods for bringing damages actions is a legislative function.... Thus, to import laches as a defense to actions of law would alter the balance of power between legislatures and courts regarding the timeliness of claims." *Doe v. Hartford Roman Catholic Diocesan Corp.*, 317 Conn. 357, 401-02 (2015) (*quoting Naccache v. Taylor*, 72 A.3d 149, 156 (D.C. Ct. App. 2013).

a clear, bright-line rule that fixes the rights and defenses of patent litigants. *See* SCA Br. at 46. Individual judges should not be permitted to undermine that rule without a clear congressional green light that Congress actually so intended.

Absent a clear-statement requirement, the risk that lower federal courts will not limit laches to its proper province and respect congressional limitations periods is amply demonstrated by this case. The majority in the Federal Circuit disparagingly characterized § 286 as an "'*arbitrary*" limitations period that would be better off if judicially adjusted based on "'the equities between the particular parties.'" Pet. App. 10a (quoting *A.C. Aukerman Co. v. R.L. Chaides Const. Co.*, 960 F.2d 1020, 1030 (Fed. Cir. 1992)). That perspective betrays a profound misunderstanding of the legislative and judicial roles.

Protecting Congress' sphere of authority entails refusing to override its policy judgment about the timeliness of suit without a clear expression of congressional consent. In this context, a clear-statement requirement not only reflects Congress' expected meaning regarding limitations periods such as § 286, it also enforces the constitutional allocation of power between courts and Congress. *See P.R. v. Franklin Cal. Tax-Free Trust*, 136 S. Ct. 1938, 1949 (2016) ("[O]ur constitutional structure does not permit this Court to 'rewrite the statute that Congress has enacted.'"). (citation omitted).

The use of clear-statement rules to safeguard the constitutional framework is another familiar feature of the Court's statutory interpretation jurisprudence.

Thus, "if Congress intends to alter the 'usual constitutional balance between the States and the Federal Government,' it must make its intention to do so 'unmistakably clear in the language of the statute." *Will v. Mich. Dep't of State Police*, 491 U.S. 58, 65 (1989) (quoting *Atascadero State Hosp. v. Scanlon*, 473 U.S. 234, 242 (1985)); *see also Raygor v. Regents of Univ. of Minn.*, 534 U.S. 533, 544 (2002) ("In such cases, the clear statement principle reflects 'an acknowledgement that the States retain substantial sovereign powers under our constitutional scheme, powers with which Congress does not readily interfere.'") (quoting *Gregory v. Ashcroft*, 501 U.S. 452, 461 (1991)). Similarly, the Court "presume[s] federal statutes do not abrogate state sovereign immunity. impose obligations on the States pursuant to section 5 of the Fourteenth Amendment, or preempt state law." *Bond v. United States*, 134 S. Ct. 2077, 2088–89 (2014) (internal citations omitted).

These presumptions act as bulwarks against judicial interpretations that would alter the traditional structural relationship between governance institutions without compelling evidence that Congress intended such dramatic consequences. *See id.* at 2088 (noting that "[a]mong the background principles of construction that our cases have recognized are those grounded in the relationship between the Federal Government and the States under our Constitution"); *United States v. Bass*, 404 U.S. 336, 349 (1971) ("In traditionally sensitive areas, such as legislation affecting the federal balance, the requirement of clear statement assures that the legislature has in fact faced, and intended to bring into issue, the critical matters involved in the judicial decision.").

The presumption that a statute of limitations displaces laches for damages claims serves the same purpose. Requiring a clear statement to overcome the presumption ensures that Congress' authority over the timeliness of federal claims will not be usurped without its consent. A clear congressional statement is required to ensure that federal courts do not mistakenly seize authority that, as *Petrella* holds, rightfully resides with Congress.

III. The Patent Act Does Not Contain A Clear Statement That Laches Can Bar Damage Claims That Are Timely Under § 286.

A. Neither the Act nor its history contains anything like a clear statement authorizing courts to invoke laches in damages actions.

As every judge on the Federal Circuit acknowledged, neither the Patent Act nor even its legislative history expresses a clear statement that laches is permitted in damages cases. Notably, the majority below confessed forthrightly: "[T]he statutory text says nothing on the applicability of laches to legal relief. Similarly, the legislative history is silent on the meaning of laches." Pet. App. 23a. If a clear congressional statement endorsing laches under the Patent Act for damages actions is required, that confession is the end of the matter.

Even if this Court merely presumes that laches is unavailable in damages actions given the express limitations period in § 286, the basis on which the Federal Circuit read laches into the Act is much too thin

to overcome that presumption. The Federal Circuit took an extremely cavalier attitude toward the importance of the text of the Act; that court did not even bother to identify the specific textual language in the Act that purportedly created a laches defense. Instead, the majority merely gestured generally toward the various defenses set forth in § 282—without determining *which* of these defenses purportedly codified laches. *See* Pet. App. 49a-50a (Hughes, J., concurring in part and dissenting in part) (noting that "the majority does not identify which particular term encompasses a defense of laches"). Repeatedly in recent years, this Court has warned against such a loose approach to statutory "interpretation." *See, e.g., Ross*, 136 S. Ct. at 1856 (reversing because a lower court "made no attempt to ground its analysis in the [Act's] language").

Nor does the Patent Act's legislative history support the Federal Circuit's latitudinous "reading." The House and Senate Reports that accompanied the introduction of § 282 noted simply that the provision codified a presumption of patent validity previously recognized by the courts, while adding that "[t]he defenses to a suit for infringement are stated in general terms, changing the language in the present statute, but not materially changing its substance." *See* H.R. Rep. No. 82-7794, at 10; S. Rep. No. 82-1979, at 9. The "present statute" those reports referenced was Rev. Stat. 4921, which had been enacted in 1897 and said nothing about applying an equitable laches defense in legal actions. Indeed, it would have been odd for that Act to do so, because Congress had included within it a six-year federal limitations period for patent in-

fringement actions precisely for the purpose of ensuring uniformity regarding the timeliness of suit. *See* Act of Mar. 3, 1997, ch. 391, § 2, 29 Stat. 692; H.R. Rep. No. 940, at 2 (1896); *see also* Pet. App. 53a (Hughes, J., concurring in part and dissenting in part) ("[N]othing in the pre-1952 statutes suggests an authorization of laches as a bar to legal damages requested within a limitations period.").

Respondents apparently recognize that this Court would have no tolerance for the Federal Circuit's failure to anchor its "interpretation" in any specific textual provision of the Act. Thus, in an effort to resuscitate the Federal Circuit's holding, respondents contend that laches is actually hidden beneath the surface of § 282(b)'s use of the word "unenforceability." *See* Resp.16.[8]

But this effort to read a laches defense into the term "unenforceability" fails at the outset as a textual matter. Even if laches could affect some of a patent holder's claims, such as those seeking equitable relief, the patent would still remain enforceable. The Federal Circuit itself recognizes as much. *See Aukerman*, 960 F.2d at 1030 ("Recognition of laches as a defense ... does not affect the general enforceability of the patent against others."). Laches is a targeted "doctrine focused on one side's inaction and the other's legitimate reliance, [which] may bar long-dormant claims for equitable relief." *City of Sherrill v. Oneida Indian Nation*, 544 U.S. 197, 217 (2005). Even where

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[8] This brief will abbreviate the brief of Respondent "Resp."

laches is properly recognized, it does not lead to the general unenforceability of a patent.

In contrast, by 1952 it was well-established that some defenses, such as misuse and fraud on the patent office (which later matured into the modern defense of inequitable conduct), could indeed render a patent unenforceable and prevent recovery of *either* equitable or legal relief. *See Morton Salt Co. v. G.S. Suppiger Co.*, 314 U.S. 488, 493 (1942) (holding that until the consequences of the misuse of a patent "have been dissipated" the patent can be unenforceable); *Mercoid Co. v. Mid-Continent Inv. Co.*, 320 U.S. 661, 666–69 (1944) (applying misuse to render unenforceable claims of contributory infringement); *Precision Instrument Mfg. Co. v. Auto. Maint. Mach., Co.*, 324 U.S. 806, 816 (1945) (concluding that conduct that "does not conform to minimum ethical standards ... does not justify [an] attempt to assert and enforce ... perjury-tainted patents and contracts"); *Hazel-Atlas Glass Co. v. Hartford-Empire Co.*, 322 U.S. 238, 250 (1944) ("The total effect of all this fraud, practiced both on the Patent Office and the courts, calls for nothing less than a complete denial of relief ... for the claimed infringement of the patent thereby procured and enforced").

Similarly, it was clear by 1952 that patents become unenforceable to collect further damages or to obtain prospective equitable relief when they expire. *See Scott Paper Co. v. Marcalus Mfg.*, 326 U.S. 249, 256 (1945) ("[A]ny attempted reservation or continuation in the patentee or those claiming under him of the patent monopoly, after the patent expires, whatever the legal device employed, runs counter to the

policy and purpose of the patent laws."). Thus, forward-looking royalty agreements are unenforceable once a patent's term ends. *See Brulotte v. Thys Co.*, 379 U.S. 29, 33 (1964) ("[A] patentee's use of a royalty agreement that projects beyond the expiration date of the patent is unlawful *per se*."); *Kimble v. Marvel Entm't, L.L.C.*, 135 S. Ct. 2401, 2413 (2015) (recognizing the "categorical principle that all patents, and all benefits from them, must end when their terms expire").

Because it was well-established that patent misuse could lead to the unenforceability of a patent (and because that called into question whether claims for contributory infringement could be asserted consistent with the doctrine on misuse) Congress did extensively discuss the relationship between patent misuse and enforceability in the years leading up to the Patent Act of 1952. *See, e.g.*, *Patent Law Codification and Revision Hearings* on H.R. 3760 *before Subcommittee of the Committee on the Judiciary House of Representatives*, 82nd Cong., 165 (1951) (statement of Wilbur L. Fulgate); *see also* 35 U.S.C. § 271(d). But in none of that discussion did Congress similarly discuss the relationship between laches and unenforceability, let alone any role for laches as a defense to damages claims. No party has identified any statement from Congress or this Court that "unenforceability" as used in § 282(b) was designed to expand laches to bar recovery for damages that occur within the express limitations period set forth in § 286.

Moreover, it is easy to reconcile the post-enactment commentary of P.J. Federico, on which the Federal Circuit mistakenly relied, with Congress' own

position a few years later that laches was not, in fact, intended to supplant the 6-year statute of limitations in § 286. *See* S. Rep. No. 85-1014, at 3; H.R. Rep. No. 85-150, at 2. Mr. Federico's commentary only refers to a role for laches under the Patent Act, such as in equitable actions, but it does not say anything about whether Congress intended laches to be available in damages actions within § 286's limitation period. *See* Pet. App. 23a (acknowledging that Mr. Federico's commentary says nothing about the use of laches to bar damages claims). In the Copyright Act legislative history discussed above, Congress recognized and endorsed the general principle that laches is not generally available when a statute of limitations exists (and specifically not under the Patent Act). Mr. Federico's commentary is perfectly consistent with the long-standing practice and doctrine that laches is available in equitable actions, but not in damages actions when a statutory limitations period exists.

At the end of the day, it would have been easy for Congress to include a laches defense in the Patent Act had it wished to do so. For a template, Congress need have looked no further than another intellectual-property statute, the Lanham Act, which expressly enumerates laches as an available defense in trademark disputes. *See* 15 U.S.C. § 1115(b)(9) (listing "equitable principles, including laches, estoppel, and acquiescence" as defenses). Of course, as this Court recognized in *Petrella*, the Lanham Act contains no statute of limitations, which leaves a gap for laches to fill. *See Petrella*, 134 S. Ct. at 1974 n.15 ("In contrast to the Copyright Act, the Lanham Act ... contains no statute of limitations, and expressly provides for defensive use of equitable principles, including

laches.'"). The combination of (a) no statute of limitations and (b) an express mention of laches demonstrates Congress' clear intent to give laches an important role in determining the timeliness of trademark claims.

In stark contrast, the Patent Act *does* contain a statutory limitations period. And the Patent Act *does not* say anything about laches. Just as the Lanham Act expressly makes laches available, the Patent Act's structure, text, and history preclude laches in damages actions under the Patent Act.

B. Congress has done nothing to rebut the presumption against laches in the years since it enacted § 286.

Absent any clear support for its position in the Patent Act's text or history, respondents turn in another direction. They lean heavily on the Federal Circuit's 1992 decision in *Aukerman*, which at the time it was decided contradicted this Court's case law by endorsing laches as a bar to damage actions. *See Aukerman*, 960 F.2d 1020 (en banc). According to the respondents, by running roughshod over this Court's teachings and ignoring the text of the Patent Act, *Aukerman* nonetheless put the burden on Congress to reiterate what § 286 already makes clear: that damages are recoverable for six years following patent infringement, which leaves laches with no role to play. *See* Resp. 22–23.

Respondents' argument fails on multiple fronts. Most importantly. it urges a reading of the Patent Act that conflicts with the statute's plain text. Section 286

reflects Congress' explicit judgment about the timeliness of damage claims. Moreover, the Act does not include a word about laches nor any other language that can legitimately be construed to encompass a laches defense for damages claims. As this Court noted just a few Terms ago, any argument that lower-court practice can override clear statutory text "trips at the starting gate" for a fundamental reason: The courts have "no warrant to ignore clear statutory language on the ground that other courts have done so." *Milner v. Dep't of the Navy*, 562 U.S. 562, 576 (2011). The Patent Act's text is thus an "obvious trump" to the argument that Congress implicitly ratified the Federal Circuit's untenable reading just by failing to repeat what Congress had said already in § 286. *See Brown v. Gardner*, 513 U.S. 115, 121 (1994) ("There is an obvious trump to the reenactment argument ... in the rule that '[w]here the law is plain, subsequent reenactment does not constitute an adoption of a previous administrative construction.'") (quoting *Demarest v. Manspeaker*, 498 U.S. 184, 190 (1991)). When statutory language is clear, searching for implicit congressional endorsements of contrary judicial practices "is hardly necessary." *United States v. Ron Pair Enters., Inc.*, 489 U.S. 235, 241–43 (1989); *see also Zuber v. Allen*, 396 U.S. 168, 185 n.21 (1969) ("The verdict of quiescent years cannot be invoked to baptize a statutory gloss that is otherwise impermissible."); *Jones v. Liberty Glass Co.*, 332 U.S. 524, 533–34 (1947) (noting, in response to an argument that "various lower federal courts" had interpreted a statute in a particular way, that "the doctrine of legislative acquiescence is at best only an auxiliary tool for use in interpreting ambiguous statutory provisions").

Even if the text of the Patent Act did not directly settle the matter, the respondents' reliance on *Aukerman* would be unavailing. From the moment it issued in 1992, *Aukerman* was directly inconsistent with this Court's decisions. *Petrella* highlighted this point: "Both before and after the merger of law and equity in 1938, this Court has cautioned against invoking laches to bar legal relief." 134 S. Ct. at 1973 (citing, *Holmberg*, 327 U.S. at 395-96). Thus, notwithstanding *Holmberg* and the other cases cited in *Petrella*, respondents ask this Court to assume that Congress implicitly ratified a circuit-court decision that *contradicted well-established Supreme Court precedent*.

If Congress is to be treated as having implicitly ratified any corpus of law, it must surely be decisions of this Court, not a lower court decision in conflict with this Court's teachings. No decision of this Court, of course, authorizes the bizarre principle that this Court's decisions are to be treated as having *less* authority than those of lower courts. Perhaps even more importantly, there is no need to guess here about what Congress endorsed: as discussed above, Congress understood that, when it enacted the limitations period for damages actions in the Patent Act, that meant under longstanding doctrine that laches had no role. *See supra*, 11-13.

The flaws in respondents' theory are further underscored by their own brief in opposition to certiorari, which conflates decisions of this Court with those of lower courts. That brief quotes liberally from decisions recognizing that, when *this* Court definitively interprets a statute, such an interpretation is rarely to be revisited. *See* Resp. 23. But *Kimble v. Marvel*

Entm't and *North Star Steel Co. v. Thomas* both dealt with the implications of this Court's precedents. *See* 135 S. Ct. 2401, 2409 (2015) (emphasis added) ("All *our* interpretive decisions ... effectively become part of the statutory scheme."); 515 U.S. 29, 34 (1995) (noting that when this Court's practice is longstanding and settled, "'it is not only appropriate but also realistic to presume that Congress was thoroughly familiar with [our] precedents ... and that it expect[s] its enactment[s] to be interpreted in conformity with them'") (quoting *Cannon v. Univ. of Chi.*, 441 U.S. 677, 699 (1979)). And *Microsoft Corp. v. i4i Limited Partnership* gave credence to the Federal Circuit's statutory interpretation only upon noting its consistency with this Court's "authoritative" determination. 564 U.S. 91, 101 (2011).

The Federal Circuit is, most assuredly, not the Supreme Court. This Court has made clear already that the America Invents Act (AIA), 35 U.S.C. § 100 *et seq.*, does not implicitly ratify every decision of the Federal Circuit. *See Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1927 (2016). And because *Aukerman* contravened this Court's case law even when decided, it would hardly be proper to treat Congress as having ratified *Aukerman*.

In addition, the Federal Circuit provided no evidence that Congress ever addressed *Aukerman* one way or another. In the AIA, Congress said nothing at all, in either the Act's text or legislative history, indicating any intention to endorse *Aukerman* or to adopt a particular view of laches. That makes the AIA's passage "without significance" to the availability of laches in damage actions. *See Brown*, 513 U.S. at 122

(quoting *United States v. Calamaro*, 354 U.S. 351, 359 (1957)). ("[T]he record of congressional discussion preceding reenactment makes no reference to the [applicable administrative] regulation, and there is no other evidence to suggest that Congress was even aware of the [agency's] interpretive position. 'In such circumstances we consider the ... re-enactment to be without significance.'"). This Court has described itself as "loath to replace the plain text and original understanding of a statute" unless there is "overwhelming evidence of acquiescence" by Congress. *Solid Waste Agency of N. Cook Cty. v. U.S. Army Corps of Eng'rs*, 531 U.S. 159, 169 n.5 (2001); *cf. Aaron v. SEC*, 446 U.S. 680, 694 n.11 (1980) (holding that, where the "legislative consideration" of subsequent enactments "was addressed principally to matters other than that at issue here," Congress' failure to overturn an administrative interpretation "falls far short of providing a basis to support a" statutory construction "so clearly at odds with its plain meaning and legislative history"). In this case, no concrete evidence exists of Congress' acquiescence to the Federal Circuit's approach to laches in damages actions, let alone "overwhelming evidence."

In the end, respondents' "evidence" is insufficient to rebut the strong presumption and long historical record establishing that enactment of a statute of limitations precludes a role for laches in damages actions. Congress sought to eliminate case-by-case judicial discretion when it enacted a uniform time period for recovering damages for patent infringement. By supplanting Congress' judgment with a judicially-

created laches defense, the Federal Circuit (bare) majority contradicted Congress' intent and overstepped the bounds of judicial authority.

Medinol was an inventor of one of the most significant medical advances in treating and preventing coronary disease, the coronary stent. It is exactly the kind of entity Congress sought to encourage and protect when the Patent Act entitled patent holders to seek damages against infringers within the limitations period of § 286. Correcting the Federal Circuit's error would ensure that right is properly enforced, as Congress intended.

CONCLUSION

For the foregoing reasons, the Federal Circuit's decision should be reversed.

Respectfully submitted,

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